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SENATE BILL 2894

By Henry

AN ACT amend Tennessee Code
Annotated, Sections 7-82-401 and 7-
82-703 relative to financially
distressed utility districts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-401(g)(1) is amended by deleting the second sentence in its entirety and by substituting the following:

For the purposes of this chapter, a financially distressed utility district is a utility district which, as shown by the annual audits, has either deficit total assets, is in default on any indebtedness, fails to comply with the provisions of § 7-82-403 for three (3) consecutive years, or has a loss before contributions and transfers for three (3) consecutive years.

SECTION 2. Tennessee Code Annotated, Section 7-82-703(a) is amended by deleting the language “retained earnings deficit,” and substituting the language “deficit total net assets or a loss before contributions and transfers for a period of three (3) years,”

SECTION 3. Tennessee Code Annotated, Section 7-82-703 is further amended by deleting the language “to liquidate in an orderly fashion any retained earnings deficit” and substituting the

language “to eliminate losses before contributions and transfers, to liquidate in an orderly fashion any deficit total net assets” in subsection (b).

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.